



PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

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Polonia Bank, Huntingdon Valley, Pennsylvania, Assumes All of the Deposits of Earthstar Bank, Southampton, Pennsylvania

FOR IMMEDIATE RELEASE

Earthstar Bank, Southampton, Pennsylvania, was closed today by the Secretary of Banking of the Commonwealth of Pennsylvania, which appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. To protect the depositors, the FDIC entered into a purchase and assumption agreement with Polonia Bank, Huntingdon Valley, Pennsylvania, to assume all of the deposits of Earthstar Bank, except for certain out-of-state certificates of deposit (CD).

The four branches of Earthstar Bank will reopen on Saturday as branches of Polonia Bank. Depositors of Earthstar Bank will automatically become depositors of Polonia Bank. Deposits will continue to be insured by the FDIC, so there is no need for customers to change their banking relationship in order to retain their deposit insurance coverage up to applicable limits. Customers of Earthstar Bank should continue to use their existing branch until they receive notice from Polonia Bank that it has completed systems changes to allow other Polonia Bank branches to process their accounts as well.

This evening and over the weekend, depositors of Earthstar Bank can access their money by writing checks or using ATM or debit cards. Checks drawn on the bank will continue to be processed. Loan customers should continue to make their payments as usual.

As of September 30, 2010, Earthstar Bank had approximately \$112.6 million in total assets and \$104.5 million in total deposits. Polonia Bank did not pay the FDIC a premium for the deposits of Earthstar Bank. In addition to assuming all of the deposits



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-264-2010

of the failed bank, Polonia Bank agreed to purchase approximately \$77.1 million of the failed bank's assets. The FDIC will retain most of the assets for later disposition.

The FDIC and Polonia Bank entered into a loss-share transaction on \$45.8 million of Earthstar Bank's assets. Polonia Bank will share in the losses on the asset pools covered under the loss-share agreement. The loss-share transaction is projected to maximize returns on the assets covered by keeping them in the private sector. The transaction also is expected to minimize disruptions for loan customers. For more information on loss share, please visit:
<http://www.fdic.gov/bank/individual/failed/lossshare/index.html>.

Customers who have questions about today's transaction can call the FDIC toll-free at 1-800-822-1918. The phone number will be operational this evening until 9:00 p.m., Eastern Standard Time (EST); on Saturday from 9:00 a.m. to 6:00 p.m., EST; on Sunday from noon to 6:00 p.m., EST; and thereafter from 8:00 a.m. to 8:00 p.m., EST. Interested parties also can visit the FDIC's Web site at
<http://www.fdic.gov/bank/individual/failed/earthstar.html>.

On Monday morning, the FDIC will mail checks to those customers with out-of-state CDs, as long as the funds were not used as collateral for a loan.

The FDIC estimates that the cost to the Deposit Insurance Fund (DIF) will be \$22.9 million. Compared to other alternatives, Polonia Bank's acquisition was the least costly resolution for the FDIC's DIF. Earthstar Bank is the 151st FDIC-insured institution to fail in the nation this year, and the second in Pennsylvania. The last FDIC-insured institution closed in the state was Allegiance Bank of North America, Bala Cynwyd, on November 19, 2010.
